

LAWYERS LINK

FOR HOMEBUYERS: A GUIDE TO TITLE INSURANCE

| | WHAT IT IS | WHY IT MATTERS | HOW YOU BENEFIT |
|---------------------------|---|---|--|
| TITLE | Title is your ownership right to your property. | No homebuyer wants to inherit existing debts or legal issues that could interfere with their property rights in the future. | Clear title allows you to use or modify your property. |
| TITLE PROFESSIONAL | Title insurance professionals examine or research public records to see if there are any problems or defects that could cause you legal issues. They may also manage the closing process. | The title professional ensures the title search is completed, writes the title insurance policy and works to reduce your risk of ownership issues in the future. | Your title professional has your back. They sweat the small stuff so you don't have to, giving you peace of mind. |
| TITLE SEARCH | A title search is an early step in the home buying process to uncover issues that could limit your rights to the property. | If a title issue is discovered, most often your title professional will take care of it without you even knowing. After the title problem is fixed, you are able to purchase owner's title insurance. | The title search allows the title professional to issue you a comprehensive title insurance policy. |
| TITLE INSURANCE | There are two different types of title insurance: the owner's policy and the lender's policy. The owner's policy is purchased by you, the homebuyer. While it is your choice, purchasing an owner's title insurance policy is the best way to protect your property rights. The lender's policy is usually paid for by you or the seller. It is almost always required by the lender and only protects the lender's interest. | Sometimes undiscoverable defects can come up after the title search. Title issues may include forgery, fraud or clerical errors. Owner's title insurance is the best way to protect yourself from losing your property. | Every year, the vast majority of homebuyers in America elect to protect the largest investment of their lives, and purchase owner's title insurance. Owner's title insurance protects your interests after you purchase your home. |
| CLOSING | Closing is the final step in executing the home buying transition. | It is the process that allows the transfer of ownership to occur. | Upon completion of the closing process, you get the keys to your home! |



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Lawyers Title

WHAT IN THE WORLD IS A LIS PENDENS?

A lis pendens is an official notice to the public that a lawsuit involving a claim on a property has been filed. Lis pendens can only be filed if a claim is related specifically to the property; however, it specifies that the owner of the property must assume any litigation associated with it.

WHEN A LIS PENDENS IS USED?

Lis pendens is often filed in divorce cases where the distribution of real estate properties has not been settled. It is particularly common in cases where a property is listed in the name of one spouse, and the other spouse seeks a portion of the asset. The spouse whose name is on the title would have a difficult time selling the property under pending litigation.



MONTHLY INDUSTRY TERMS

Annual Percentage Rate (APR)

An interest rate reflecting the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account point and other credit cost. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan.

Points (also called “commission or discount” points)

Each point is equal to 1% of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2000).

Trust Account

An account separate and apart and physically segregated from the broker's own, in which the broker is required by law to deposit all funds collected for clients.

